



**Inter-Provincial Diversified
Holdings Limited**

1975 ANNUAL REPORT

Officers

Joseph Frieberg
President

Robert Scolnick
Vice-President

William Zimmerman
Secretary

Board of Directors

Joseph Philip Dawson
Joseph Frieberg
Murray Frieberg
Murray Joseph Howe
Robert Scolnick
William Hewson Zimmerman

Auditors

Thorne Riddell & Co.
Toronto, Ontario

Head Office

Hwy. #7 and Keele Street
Concord, Ontario

Shares Listed

Common
Toronto Stock Exchange

Registrar and Transfer Agent

The Canada Trust Company
Common Shares

HIGHLIGHTS

	1975	1974
Income	\$ 101,502	\$ 155,516
Earnings:		
Before extraordinary items	(538,114)	834,413
Extraordinary items	(51,365)	275,126
Net earnings	(589,479)	1,109,539
Earnings per share:		
Before extraordinary items	(46¢)	71¢
Net earnings	(50¢)	95¢
Total assets	6,813,028	7,336,116
Shareholders' equity	4,509,727	5,212,358
Common shares outstanding	1,180,251	1,180,251
Equity per common share	3.57	4.42

RESOLUTE HOLDINGS LIMITED

Twelve Months Ended November 30		
Sales	\$ 6,658,275	\$ 5,907,271
Net Earnings	266,594	195,593

STEINTRON INTERNATIONAL ELECTRONICS LTD.

Twelve Months Ended December 31		
Sales	\$ 41,249,142	\$ 27,613,368*
Net Earnings	907,323	1,161,470

UNITED TIRE & RUBBER CO. LIMITED

Twelve Months Ended December 31		
Sales	\$ 23,445,116	\$ 27,100,267
Net Earnings	(2,005,326)	1,825,771

*Twelve months ended July 31

266.6
907.3
1173.9
314
1173

To our Shareholders

The year 1975 was a disappointing year for the Company. The loss before extraordinary items was \$538,114 compared to a profit of \$834,413 in 1974.

Operating results of our affiliates reflected inconsistencies. Steintron Electronics and Resolute Holdings did remarkably well. Both had record years. United Tire, though, suffered a loss during the year.

Steintron International Electronics Ltd. increased sales to \$41,249,142 for the 12 months ended December 31, 1975 from \$27,613,368 for the 12 months ended July 31, 1974, an increase of 49.3%. In order to coincide with our fiscal period, Steintron altered its year end to December 31. For the 5 months ended December 31, 1975 sales were \$16,335,156 and net earnings were \$345,279. Steintron operates a total of 12 House of Stein stores and 31 Kelly Stereo Mart stores and, in addition, operates 26 franchise stores. This is the largest network of fully integrated audio and record stores in Canada. We expect Steintron's growth to continue in 1976.

Resolute Holdings Limited increased sales to \$6,658,275 for the 12 months ended November 30, 1975 from \$5,907,271 for the same period in 1974, an increase of 12.7%. Net earnings for the 12 months ended November 30, 1975 were \$266,594 compared to \$195,593 in 1974. In January, 1976 Resolute purchased the assets of Olympia Shoe Manufacturing Co. Limited and formed a new company called Olympia Shoe (1975) Ltd. Resolute owns 75% of this company. It is Resolute's first entry into manufacturing shoes in Canada. We look forward to the long-term future of manufacturing shoes in Canada with optimism. Operating under the trade name of HOWMARK, Resolute is one of Canada's largest importers of footwear.

United Tire & Rubber Co. Ltd. incurred a loss of \$2,005,326 for the 12 months ended December 31, 1975 compared to a profit of \$1,825,771 for the same period in 1974. Sales decreased to \$23,445,116 in 1975 compared to \$27,100,267 in 1974. The 1975 year proved

to be a more difficult year than was originally anticipated by management. New tire sales to original equipment manufacturers decreased as a result of the economic recession. The demand for off-the-road tires in the mining, heavy construction and energy-related industries did not show the strength expected at the beginning of the year.

In order to improve working capital, United has obtained from the General Adjustment Assistance Board (an agency of the Government of Canada) an agreement to insure, to the extent of 90%, a loan in the amount of \$1,500,000. The agreement is conditional on an equity investment of \$500,000 and an undertaking for an additional investment of up to another \$500,000, if required. Inter-Provincial has agreed to make these investments. United Tire expects an improvement in its operations in 1976 and an early return to profitability. United designs, manufactures, retreads, and services tires for the mining, forestry, construction, and transportation industries and is the only Canadian-owned manufacturing company in the tire industry.

In 1974 a wholly-owned subsidiary of the Company entered into a partnership with an Edmonton based real estate company, Tri-North Developments Ltd., to develop and subdivide industrial, commercial and residential lots in Grande Prairie, Alberta. The partnership has purchased a total of 326 acres and has serviced and made ready for sale 53 acres of industrial and commercial land. The registration of the lands was delayed until May 1976, but now the lots are ready for sale. We expect a considerable cash flow from this venture over the next 12 months.

We recognized that 1975 would be a year of challenge and we moved aggressively with programs designed to enhance the growth and profitability of our affiliates. We expect that 1976 should produce much improved results. Beyond 1976 we are confident that we can expect continued sales and earnings growth of all our affiliated companies.

Joseph Frieberg
President

Robert Scolnick
Vice-President

June 30, 1976

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

and subsidiary company

Consolidated Statement of Income

Year ended December 31, 1975

	1975	1974
Income (note 7)		
Preference dividends	\$ 8,750	\$ 17,500
Interest and other income	<u>92,752</u>	<u>138,016</u>
	<u><u>101,502</u></u>	<u><u>155,516</u></u>
Expenses		
Interest on long-term debt	186,131	175,491
Other interest	51,353	6,514
Depreciation and amortization	4,253	2,822
Other expenses	<u>173,959</u>	<u>169,307</u>
	<u><u>415,696</u></u>	<u><u>354,134</u></u>
	<u><u>(314,194)</u></u>	<u><u>(198,618)</u></u>
Income tax recoverable		34,241
	<u><u>(314,194)</u></u>	<u><u>(164,377)</u></u>
Share of earnings (losses) of effectively controlled companies before extraordinary items		
Resolute Holdings Limited	116,376	66,882
United Tire & Rubber Co. Limited (note 7)	<u>(832,296)</u>	<u>553,298</u>
Steintron International Electronics Ltd. (note 7)	<u>492,000</u>	<u>378,610</u>
	<u><u>(223,920)</u></u>	<u><u>998,790</u></u>
Income (loss) before extraordinary items	<u><u>(538,114)</u></u>	<u><u>834,413</u></u>
Extraordinary items		
Allowance for decline in market value of marketable security	<u>(51,365)</u>	
Share of extraordinary earnings of effectively controlled companies		
Resolute Holdings Limited		9,587
United Tire & Rubber Co. Limited		145,337
Steintron International Electronics Ltd.		<u>120,202</u>
	<u><u>(51,365)</u></u>	<u><u>275,126</u></u>
Net income (loss)	<u><u>\$ (589,479)</u></u>	<u><u>\$ 1,109,539</u></u>
Earnings (loss) per share		
Income (loss) before extraordinary items	<u><u>\$ (.46)</u></u>	<u><u>\$.71</u></u>
Net income (loss)	<u><u>\$ (.50)</u></u>	<u><u>\$.95</u></u>

Consolidated Statement of Retained Earnings

Year ended December 31, 1975

	1975	1974
Balance at beginning of year	\$ 3,695,990	\$ 2,586,451
Net Income (loss)	<u>(589,479)</u>	<u>1,109,539</u>
Balance at end of year	<u><u>\$ 3,106,511</u></u>	<u><u>\$ 3,695,990</u></u>

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

(incorporated under the laws of Ontario) and subsidiary company

Consolidated Balance Sheet

as at December 31, 1975

ASSETS

Current Assets

	1975	1974
Cash and short term deposit	\$ 58,710	\$ 525,000
Accrued interest, dividends and accounts receivable	474,259	64,635
Marketable security, at market value; 1974, at cost (quoted market value \$474,259; 1974, \$176,610)	95,000	184,050
Principal due within one year on 9% debentures	<u>627,969</u>	95,000
		868,685

Investments

Common shares of effectively controlled companies, at equity value (note 2)	451,705	335,329
Resolute Holdings Limited	1,006,385	1,915,803
United Tire & Rubber Co. Limited	3,607,376	3,067,453
Steintron International Electronics Ltd.	250,000	250,000
Preference shares of United Tire & Rubber Co. Limited, at cost	<u>6,179,966</u>	472,500
Debentures, at cost		250,000
United Tire & Rubber Co. Limited, 9%, maturing to June 1, 1981 (less principal included in current assets)	377,500	147,000
Indal Canada Limited, 9½%, convertible maturing March 1, 1980	20,000	20,000
Partnership, I.C.D.-Tri-North Developments, at cost (note 3)	<u>6,179,966</u>	9,346
Other investments, at cost	<u>6,179,966</u>	\$ 7,336,116

Fixed Assets

Automobile, office equipment and leasehold improvements, at cost	71,935	71,935
Less accumulated depreciation and amortization	66,842	62,589
	<u>5,093</u>	<u>9,346</u>
	<u>\$ 6,813,028</u>	<u>\$ 7,336,116</u>

Approved by the Board

Director *Joseph Frieberg*

Director *Robert Scolnick*

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

(incorporated under the laws of Ontario) and subsidiary company

Consolidated Balance Sheet

as at December 31, 1975

LIABILITIES	1975	1974
Current Liabilities		
Bank advances (note 4)	\$ 644,979	\$ 253,980
Accounts payable and accrued liabilities	58,322	49,778
Principal due within one year on long-term debt	150,000	220,000
	<hr/>	<hr/>
853,301		523,758
Long-Term Debt (notes 4 and 5)	<hr/>	<hr/>
	1,450,000	1,600,000
SHAREHOLDERS' EQUITY		
Capital Stock (note 6)		
Second preference shares	300,000	350,000
Common shares	1,245,198	1,245,198
	<hr/>	<hr/>
1,545,198		1,595,198
Retained Earnings	<hr/>	<hr/>
	3,106,511	3,695,990
	<hr/>	<hr/>
4,651,709		5,291,188
Deduct cost of company's common shares purchased (note 6)	<hr/>	<hr/>
	141,982	78,830
	<hr/>	<hr/>
4,509,727		5,212,358
	<hr/>	<hr/>
	\$ 6,813,028	\$ 7,336,116

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED
and subsidiary company

Consolidated Statement of Changes in Financial Position

Year ended December 31, 1975

	1975	1974
Working capital derived from		
Issue of common shares on conversion of second preference shares	\$ 50,000	1,160,000
Increase in long-term debt		
Decrease in non-current portion of 9% debenture receivable	\$ 95,000	95,000
Sale of shares of United Tire & Rubber Co. Limited	26,412	
Decrease in mortgages receivable		105,275
	121,412	1,410,275
Working capital applied to		
Operations		
Loss before share of earnings (losses) of effectively controlled companies and extraordinary items	314,194	164,377
Less dividends received from effectively controlled companies and depreciation and amortization	134,336	90,161
	179,858	74,216
Purchase of company's common shares	63,152	78,830
Reduction in non-current portion of long-term debt	150,000	86,000
Investments	197,296	769,198
Second preference shares	50,000	50,000
Allowance for decline in market value of marketable security	51,365	
	691,671	1,058,244
Increase (decrease) in working capital position	(570,259)	352,031
Working capital (deficiency) at beginning of year	344,927	(7,104)
Working capital (deficiency) at end of year	\$ (225,332)	\$ 344,927

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

and subsidiary company

Notes to Consolidated Financial Statements

Year ended December 31, 1975

1. Basis of Consolidation

The consolidated financial statements include the accounts of Inter-Provincial Diversified Holdings Limited and its wholly owned subsidiary company, I.C.D. Realty Limited.

2. Effectively Controlled Companies

The company accounts for effectively controlled companies on the equity basis.

Resolute Holdings Limited

The company owns 50% of the issued common shares.

United Tire & Rubber Co. Limited

The company holds 1,014,200 Class A special shares (1974, 1,028,400 common shares) of United Tire & Rubber Co. Limited which represents a 40.44% interest. 210,000 of these shares are held in escrow and will not be released without the prior written consent of the Ontario and Quebec Securities Commissions.

Steintron International Electronics Ltd.

The company's holdings at December 31, 1975 amount to approximately 55% of the issued shares of Steintron. Because the company is restricted in its ability to operate Steintron as a subsidiary, it is considered that the consolidation of Steintron's accounts with those of the company is not appropriate.

The company's equity includes the excess of its cost over the underlying net book value of the investees' assets at the dates of acquisition, in the following amounts:

Resolute Holdings Limited	\$ (40,093)
United Tire & Rubber Co. Limited	241,516
Steintron International Electronics Ltd.	278,151

3. Partnership, I.C.D.-Tri-North Developments

Under the partnership agreement, of the subsidiary company, I.C.D. Realty Limited contributes two-thirds of the capital and shares equally in profits and losses. Land, both under development and held for future development, is the principal asset of the partnership.

Assets and liabilities of the partnership as at January 1, 1976 are as follows:

Land, at cost	\$ 1,030,088
Other assets	5,939
	1,036,027
Liabilities	711,027
Capital contributed	\$ 325,000

The cost of the land includes maintenance and development costs to date.

4. Bank Advances and Loan

The bank advances and loan are secured by a general assignment of book debts, marketable securities, the common shares representing the company's interest in Resolute Holdings Limited, United Tire & Rubber Co. Limited and Steintron International Electronics Ltd. and the debentures of United Tire & Rubber Co. Limited and Indal Canada Limited owned by the Company.

5. Long-Term Debt

	1975	1974
7½% Sinking fund debentures, maturing November 1, 1975	\$ 70,000	\$ 70,000
Bank loan	1,600,000	1,750,000
	1,600,000	1,820,000
Less principal included in current liabilities	150,000	220,000
	<u>1,450,000</u>	<u>1,600,000</u>

Payments are to be made on the bank loan on May 1 of each year as set out below:

1976	\$ 150,000
1977	250,000
1978	250,000
1979	950,000
	<u>\$1,600,000</u>

Interest is payable on the balance at the rate of 2% over prime.

6. Capital Stock

Authorized

40,000 First preference shares of \$100 par value, issuable in series
300,000 Convertible second preference shares of \$1 par value
10,000,000 Class A shares without par value
2,040,000 Common shares without par value

Issued

300,000 Second preference shares (1974, 350,000 shares)	1975	1974
1,180,251 Common shares	1,245,198	1,245,198
	<u>1,545,198</u>	<u>1,595,198</u>

Common shares purchased

Year	Number of Shares	Cost	Tax	Total
1974	31,900	\$ 69,630	\$ 9,200	\$ 78,830
1975	28,100	56,616	6,536	63,152
	<u>60,000</u>	<u>\$126,246</u>	<u>\$15,736</u>	<u>\$141,982</u>

The company is required on or before April 30 in each year to set aside as a redemption fund for the redemption of second preference shares an amount equal to 10% of the aggregate par value of second

INTER-PROVINCIAL DIVERSIFIED HOLDINGS LIMITED

and subsidiary company

Notes to Consolidated Financial Statements (Continued)

Year ended December 31, 1975

6. Capital Stock (continued)

preference shares issued. The aggregate par value of shares purchased for cancellation or converted into common shares shall be applied as a credit in satisfaction in whole or in part of any redemption fund payment. The second preference shares are convertible on the basis of two common shares for each five second preference shares. The company is required to redeem second preference shares to the extent that 50,000 second preference shares are not converted in each year.

In 1975, 50,000 second preference shares were redeemed, thereby reducing the authorized second preference shares by 50,000 shares.

The following options on common shares are outstanding:

10,000 shares at \$4 per share, 5,000 shares being currently exercisable and 5,000 shares becoming exercisable in 1977. Both options expire in 1978.

5,000 shares at \$4.50 per share exercisable within the period ending June 14, 1979.

25,000 shares at \$2.05 per share, with 5,000 shares becoming available on October 24 each year up to 1977. The option as to all the shares not theretofore purchased terminates on October 24, 1978.

7. Income

	<u>1975</u>	<u>1974</u>
Received from United Tire		
Preference dividends	\$ 8,750	\$ 17,500
Interest	47,156	55,984
Other interest and income	<u>45,596</u>	<u>82,132</u>
	<u>\$101,502</u>	<u>\$155,616</u>

Auditors' Report

To the Shareholders of
Inter-Provincial Diversified Holdings Limited

We have examined the consolidated balance sheet of Inter-Provincial Diversified Holdings Limited and subsidiary company as at December 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination for Inter-Provincial Diversified Holdings Limited and subsidiary company included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For companies accounted for by the equity method we have relied on the reports of the auditors who have examined their financial statements.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto Canada
April 28, 1976

Common dividends of \$79,373 were received from Steintron and dividends of \$50,710 were received on the Class A special shares of United Tire in 1975. The company accounts for its investments in Steintron and United Tire on the equity basis and accordingly the company's share of earnings (losses) for the year increased (decreased) the carrying value of the investments and the dividends received reduced the carrying value.

8. Contingent Liabilities

Resolute Holdings Limited has a line of credit of \$2,000,000 which when used is guaranteed by the company. At balance sheet date the company had guaranteed a bank loan of \$50,000 and letters of credit of \$684,470.

The company guarantees bank advances to I.C.D.-Tri-North Developments of \$350,000.

9. Subsequent Events

The company has agreed to purchase \$500,000 of second preference shares of United Tire & Rubber Co. Limited for an amount of \$500,000 and has agreed to make an additional investment in United of up to \$500,000 if required.

10. Other Statutory Information

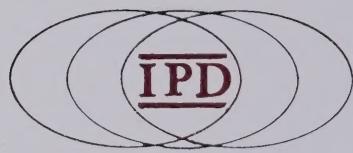
Remuneration of directors and senior officers (as defined by The Business Corporations Act) amounted to \$107,400 (1974, \$107,700).

THORNE RIDDELL & CO.
Chartered Accountants

SEVEN YEAR FINANCIAL REVIEW

	1975	1974	1973	1972	1971	1970	1969
Resolute Holdings Limited							
Sales	\$ 6,658,275	\$ 5,907,271	\$ 5,545,741	\$ 5,334,871	\$ 5,014,687	\$ 4,207,210	\$ 4,348,239
Earnings before extraordinary items	266,594	176,419	(35,755)	(38,260)	56,651	65,325	39,399
Net earnings	266,594	195,593	(35,755)	(87,348)	56,651	65,325	39,399
Steintron International Electronics Ltd.							
Sales	41,249,142	27,613,368	18,739,000	13,998,000	7,403,000	5,408,000	3,347,000
Earnings before extraordinary items	907,323	852,048	723,000	429,000	221,000	383,000	328,000
Net earnings	907,323	1,161,470	929,000	654,000	221,000	383,000	328,000
United Tire & Rubber Co. Limited							
Sales	23,445,116	27,100,267	18,545,532	16,382,295	15,949,150*	14,951,096	12,255,851
Earnings before extraordinary items							
Net earnings							

*11 months



Inter-Provincial Diversified
Holdings Limited